



JUN 13 2006

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DEPARTMENT OF HOUSING  
Housing Department

by City Manager's Office  
**Memorandum**

**TO: HONORABLE MAYOR  
AND CITY COUNCIL**

**FROM: Leslye Krutko**

**SUBJECT: SEE BELOW**

**DATE: June 7, 2006**

Approved

Date 6-09-06

**COUNCIL DISTRICT: Citywide  
SNI Area: All**

**SUBJECT: SAN JOSÉ STATE UNIVERSITY FACULTY HOMEBUYER PROGRAM**

**INFORMATION**

On January 10<sup>th</sup>, 2006, the City Council approved the creation of a San José State University Pilot Homeownership Program for University Faculty. The San José State University Faculty Homebuyer Program (FHP) will be modeled after the City's successful Teacher Homebuyer Program (THP), which was designed to recruit and retain highly qualified teachers in San José public schools. Since 2001, the THP has assisted more than 500 teachers purchase a home in the City of San José.

The FHP will be funded with an initial \$1 million allocation, with half coming from refinance proceeds of four refurbished historic homes owned by Spartan Shops, the real-estate division of SJSU, and the remaining funds from the City's 20% Low and Moderate-Income Housing Fund.

Since the Council's January approval, the City has been working with Spartan Shops to develop the Program guidelines to ensure that they meet the goals of both organizations. The agreed upon FHP guidelines are nearly identical to the City's THP. The FHP will be administered by the City's Department of Housing and will be offered to eligible SJSU full-time faculty members on a first-come, first-serve basis. All FHP program participants will be required to attend a pre-purchase homeownership education course through Neighborhood Housing Services of Silicon Valley (NHSSV), an important partner in the City's Homeownership Programs. FHP participants will also be encouraged, although not required, to use a pre-approved lender with experience assisting low and moderate-income first-time homebuyers and accessing other State and federal funds, such as NHSSV.

The FHP and the THP will differ in two key areas: maximum loan amounts and applicant eligibility. The THP maximum loan amount for households earning between 90%-120% of Area Median Income is \$40,000, and households earning less than 90% of AMI can borrow up to \$65,000. In contrast, FHP maximum loan amount for households earning up to 120% of AMI will be \$60,000 for both low and moderate-income households.

HONORABLE MAYOR AND CITY COUNCIL

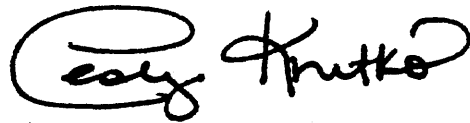
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The other significant difference between the SJSU FHP and the THP is the limitation on the length of employment of eligible applicants. Since the FHP is a pilot program designed primarily to help recruit new faculty to SJSU, the FHP program eligibility will initially be limited to newly hired tenure-track faculty members with no more than 24 months employment with the University. There is no such limitation in the City's Teacher Homebuyer Program.

The Department of Housing, in collaboration with SJSU and Spartan Shops, will launch the FHP on June 15, 2006. Collateral and marketing materials, including website information describing the new program, are being developed in preparation for the launch date. Outreach materials will be targeted to newly hired faculty members and include information about the FHP and NHSSV's resources for first-time homebuyers. Housing Department staff will conduct formal lender trainings during the summer of 2006. SJSU and Housing Department staffs will continually evaluate the effectiveness of the program and will report back to the City Council with a status report in December 2006.



LESLYE KRUTKO  
Director of Housing

For questions please call Brandi Hoffman-Ooka at 535-8232

